FINAL RATES TRAINING

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- Requirements
- Uses
- Final rate calculation
- Process and Time Line
- Real-time review
- Unallowables and penalties
- Negotiation
- Quick closeout and Indirect Cost Ceilings
- Exercise and Summary
- Discussion of your issues

Requirements

- Contractors required to submit
- Proposals due within 6 months of end of fiscal year
- Certification of allowability of costs

USES FOR FINAL RATES

- Adjust billing rates on cost-reimburseable contracts
- Make contract closeout possible for cost-reimbursable contracts
- Negotiate final prices on fixed-price incentive or fixed-price redeterminable contracts

FINAL RATE DETERMINATION

- Determined by dividing negotiated indirect cost by negotiated base
- Unallowable costs are removed from the pool
- Unallowable costs are included in the G&A base

REVIEW AND NEGOTIATION PROCESS

- ACO Negotiated Rates
  - Submission
  - Audit review
  - Pricing review
  - Negotiation
- Audit Determined Rates
  - Submission
  - Audit Review
  - Notification of Determined Rates
  - If disagreement, Form 1 issued
  - If Contractor appeals, becomes ACO-negotiated

TIME-LINE

- Major/Non-major contractors
- 6 months for proposal
- 12/24 months for audit
- 6 months for negotiation
- Background for time limits
- Contract Audit Follow-Up (CAFU)

Methods to Enable Timeliness

- Multi-year reviews
- Real-time rates
- Screening for unallowables
- Roll forward

UNALLOWABLE COSTS

- Expressly unallowable costs
- Unallowable by agreement
- FAR Part 31.205

PENALTIES

- FAR 42.709
  - Expressly unallowable
  - Unallowable through mutual agreement
- ACO responsibility
- Amounts

NEGOTIATION

- ACO responsibility
- May be delegated
- Immaterial questioned costs
  - Does it move the rate?
  - Protect future position

QUICK CLOSEOUT RATES

- FAR 42.708
- Requirements for use
- Definition of relatively insignificant
- Waivers
- Use

INDIRECT COST CEILINGS

- Cost-sharing arrangement
- New or recently reorganized companies
- Unreasonably low rates
- Must not move costs to other contracts

EXERCISE

- Read over carefully
- Work in teams
- Determine rates
- Explain position to class

SUMMARY

- Requirements and uses
- Determination of rate
- Process
- Unallowables and penalties
- Negotiation
- Quick Closeout and Indirect Cost Ceilings